

10/7/16

The Honorable Sylvia Burwell  
Secretary, Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Re: Commonwealth of Kentucky Proposal of Section 1115 Waiver Project, Kentucky HEALTH

Dear Madame Secretary:

On behalf of the physician and medical student members of the Kentucky Chapter of the Association of American Physicians and Surgeons (AAPS), I am pleased to offer comments regarding the proposed Section 1115 Waiver, also known as Kentucky HEALTH.

AAPS applauds Governor Bevin's courage to address the serious problems that Kentucky's Medicaid program and its beneficiaries face. Contrary to what is frequently written in our state's newspapers, Kentucky's Medicaid expansion in 2014 under the terms of the Affordable Care Act (ACA) has not meaningfully addressed the problems it was supposed to tackle - namely, improving overall health and access to high quality care for Kentucky's most vulnerable citizens. Further, it has paradoxically made health insurance premiums nearly completely unaffordable for many Kentuckians and has not offered taxpayers any hope of effectively making the program sustainable without dramatically higher costs in the future.

Kentucky HEALTH has the potential to help our Commonwealth actually achieve the oft-cited TRIPLE AIM of better health for individuals and populations, better patient experience, and much lower costs to the individuals, businesses and governments/taxpayers that are paying the health-related bills. Much has been said about the elements of the proposal that would require more community engagement and personal involvement in health maintenance and improvement for beneficiaries of Medicaid expansion. Likewise, there has been a great deal of focus on the importance of preserving important services for truly needy and medically fragile people. AAPS supports any effort that both helps people help themselves and preserves resources for Medicaid's primary function of assisting people who cannot pay for their necessary medical and other health-related needs. However, we believe the critical strength of Kentucky HEALTH is its promise to cut the bureaucratic red tape and complexities of medical care delivery that are directly responsible for Medicaid's high costs as well as the woefully inadequate access to high quality care for its beneficiaries.

It is well-known that since the advent of "managed care" in the 1970's, which developed as a response to the increasing demand for medical services that naturally came from the 1965 passage of Medicare/Medicaid legislation, America has seen exponential growth in the number of health-related administrative professionals and workers compared to actual medical professionals - and the cost of care has continued to dramatically rise despite all of these attempts at controlling costs. Intelligent utilization of High Deductible Health Plans (HDHP's) coupled with Incentive Accounts - which presumably will be similar to Health Savings Accounts

(HSA's) - to pay for medical and other health-related costs will dramatically lower costs, promote consumer engagement, and allow patients and their physicians/health professionals the ability to focus on improving health rather than unnecessary reporting, paperwork, and rules that are inherent in a system that relies too heavily on third party payers for managing all aspects of care. By incentivizing Medicaid beneficiaries or their advocates/guardians to purchase relatively inexpensive medical care and other health-related goods and services without accessing insurance, reserving insurance claims for relatively high cost and unpredictable medical needs such as cancer care, complex hospitalizations, and trauma, we will cut out a myriad of unnecessary middlemen whose expensive services could be put to better use elsewhere.

The ground has already been laid for many patient-centered and innovative delivery models to further develop under the implementation of Kentucky HEALTH. The ACA section 1301 and amendment section 10104 together allow for catastrophic or high deductible insurance plans to be offered to consumers as qualified health plans, as long as they are coupled with medical practices offering one such innovative model, Direct Primary Care (DPC), an affordable, compassionate, and comprehensive subscription-based primary care model that does not involve insurance billing for services rendered. Across the country, DPC practices are working with entities as diverse as self-insured businesses, unions, and local governments to lower overall health-related costs of their organizations' employees and members, often by ranges of 20 to 50 percent, and they are doing it while simultaneously improving access to care, patient satisfaction and quality of care. If this is working for businesses and other entities, why not Medicaid and the commercial/employer based insurance markets as well? Health policy leaders have spent far too much time on failed strategies to cut the RATE OF GROWTH in medical and other health-related spending by imposing restrictions on patient choice and price controls on medical professionals' services. What if we could actually lower OVERALL SPENDING (not the rate of growth) by 20 percent or more by cutting unnecessary bureaucracies and allowing more freedom and choice in our medical delivery systems? It is exciting to consider the possibility of saving taxpayers literally billions of dollars in a relatively short period of time and watching Kentucky's health statistics move from perennially low marks to A's and B's.

The Kentucky Chapter of AAPS offers its support of Governor Bevin and Kentucky HEALTH. We hope to be able to help make this great potential a reality for the Commonwealth of Kentucky.

Tracy L. Ragland, MD  
Kentucky Chapter, Association of American Physicians and Surgeons